

Jan 15, 1987

State of Utah
Dept of Natural Resources
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180

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JAN 20 1987

DIVISION OF
OIL, GAS & MINING

Att; Dave Wham

Re: PRO/019/008 Change of Status

Dave;

As I discussed with you by phone we are faced with the necessity of proving out our equipment and technology flow system at a very diminished flow rate via testing. Following our testing our first operations step will also be at a very low rate which will be under the exemption limit. After the equipment control flow is fine tuned and our technology established at these limited rates we will be able to more specifically approach our permit for expanded operations. Thank you for your help in supplying answers to our questions and for your other helpful assistance. I think by the end of this year we'll hopefully be ready for expansion and I'll be contacting you as soon as I know we are ready to plan our step up in operations.

Sincerely,

Blain Saunders

Blain Saunders
P. O. Box 853
Moab, Ut. 84532

Enc/ MR Form 4